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SUBJECT: VIETNAM AND CAMBODIA: LOOKING FORWARD

REF: A. Hanoi 527 B. 02 Hanoi 2980 C. 02 Hanoi 701

1. (U) SUMMARY. Vietnam and Cambodia have a complex relationship with a volatile history, but both sides now appear to focus on the future. Cross border smuggling of drugs and other goods as well as human trafficking have emerged as significant problems. Vietnam reportedly does not view the 2001 Montagnard exodus as having much impact on the bilateral relationship. Border demarcation remains an unresolved issue. Two-way trade is quite low but there is mild optimism. Bilateral cooperation on Vietnamese missing in action (MIA) is good. END SUMMARY.

A LONG BORDER AND INTERTWINED HISTORY

2. (SBU) Vietnam and Cambodia share an approximately 1,000 kilometer border, including the Vietnamese provinces (from north to south) of Kon Tum, Gia Lai, Dak Lak, Binh Phuoc, Tay Ninh, Long An, An Giang, and Kien Giang. Due to a common French colonial past and, later, the "American" War, Vietnam and Cambodia have much in common. Vietnam's late 1978 invasion, according to Cambodia Embassy Counselor Tauch Kemary, while viewed "by many, even most" as "liberating" the country from the Khmer Rouge, also "reminded us of our vulnerability." There are many who continue to "fear the Vietnamese" because "they have demonstrated the power to dominate Cambodia at different times in our history." Notwithstanding that episode, in recent years, the two countries have been "trying to find more common ground" and advance the bilateral relationship, Kemary noted.

3. (U) Since the 1990s, bilateral ties have seen a slow but steady improvement, with the signing of various agreements. Among the more important ones relate to:
--Trade and economic cooperation (1995);
--establishment of the Joint Committee on Economic, Cultural, Scientific, and Technical Affairs (1995);
--cooperation between Vietnam's Ministry of Agricultural and Rural Development and Cambodia's Ministry of Agriculture, Forestry, and Fishery (1997);
--Anti-criminal cooperation between the two Ministries of Interior (1997);
--Land transport cooperation (1998);
--Counternarcotics cooperation (1998);
--Education and training cooperation 2000 - 2005 (1999);
--Labor cooperation 2000 - 2002 (2000);
--Investment protection and incentives (2001); and,
--Trading, exchange of goods and trade services in border areas (2001).

4. (SBU) According to information provided by Vietnam's Ministry of Foreign Affairs (MFA), senior-level visits from Vietnam to Cambodia predominate official exchanges. Nguyen Phuong Binh, MFA Institute of International Relations (IIR) Deputy Director, suggested that this could be because Cambodian government leaders are "reluctant" to appear too close to the GVN leadership. Visits to Vietnam "could leave them open" to criticism from opposition politicians, she added. Binh predicted that this imbalance "may change as bilateral relations continue to improve." However, upcoming Cambodian elections in July will "influence to what extent and how fast relations improve," she predicted.

5. (U) Since 2000, GVN leaders who have visited Cambodia have included then-National Assembly Chairman (and now Communist Party General Secretary) Nong Duc Manh (2000); Deputy Prime Minister Nguyen Tan Dung (2000); then-Minister of Public Security Le Minh Huong (2001); President Tran Duc Luong (2001); Minister of Defense Pham Van Tra (2002); and National Assembly Chairman Nguyen Van An (2002). On the Cambodian side, high level visits included Prime Minister Hun Sen in 1998 (on a bilateral visit) and again in 2002 (as head of the Cambodian delegation to a tripartite meeting with Vietnam and Laos held in Ho Chi Minh City); Foreign Minister Hor Nam Hong in 2001; and most recently, Princess Norodom Vachara, chairman of the National Assembly's Foreign Affairs Commission, in January 2003 to discuss border issues with Vietnam's National Assembly Chairman An.

16. (SBU) The Cambodian Embassy's Kemary admitted that cross-border smuggling is a "major problem" and one that "we must continue to work on." Drug smuggling from Cambodia, according to DEA's Hanoi Country Office, includes heroin and amphetamine-type stimulants (ATS), mainly into Ho Chi Minh City. Some of the heroin is for domestic use and some is transshipped to Australia. Cambodia is Ho Chi Minh City's major ATS source. Large quantities of marijuana also enter southern Vietnam from Cambodia, mainly for transshipment to the PRC (Ref b). Kemary claimed that Cambodian police meet "regularly" with their Vietnamese counterparts; however, he lamented that the Cambodian police have "very few" resources for patrolling the border areas. Kemary also noted that the smuggling of manufactured goods is "very common and works against real economic growth between Cambodia and Vietnam." He added that most of the goods smuggled into Vietnam come from Thailand. He claimed that most of this smuggling was due to "Thai criminal gangs" who "encourage corruption" among Cambodian border officials.

17. (SBU) Human trafficking is also a major issue. While few reliable statistics exist, the UN Office of Drugs and Crime's (UNODC) Hanoi staff have reported that, of the estimated 20,000 Vietnamese prostitutes in Cambodia, a significant number are the victims of human traffickers. Several dozen Vietnamese trafficking victims were officially repatriated from Cambodia in 2002, but because victims tend to avoid notoriety, experts suspect many more return through unofficial channels. In 2002, the International Office for Migration (IOM) again confirmed that human trafficking from Vietnam to Cambodia had become more serious in recent years.

18. (U) As the Embassy's Trafficking in Persons Reports (ref a is for 2002) noted, women and girls trafficked abroad from Vietnam go primarily to Cambodia and the PRC. There is also evidence that some Vietnamese citizens are trafficked through Cambodia to third countries. Nguyen Sy Tuan, Deputy Director of the Institute of Southeast Asian Studies, commented that, while the human trafficking problem is a major issue, it has received "less bilateral attention" than drugs. He opined that, as international pressure increases on the human trafficking issue, Vietnam and Cambodia's leaders "will have to focus more on the human trafficking issue."

MONTAGNARD ISSUE

19. (SBU) The IIR's Binh discounted the impact on the 2001 exodus of about 1,000 Montagnards into Cambodia following February/March 2001 demonstrations in the Central Highlands and the 2002 collapse of the Cambodia/Vietnam/UNHCR Tripartite Agreement as ongoing issues in bilateral ties. People from the Central Highlands who crossed "illegally" into Cambodia did so with the intent of reaching a third country, he claimed. Once the United Nations became involved, the problem took on a "multilateral context," he added. He declined to comment on fresh reports of active Cambodian police cooperation in returning additional 2002 cases of would-be Montagnard escapees, which, according to Vietnamese media accounts, led to multi-year prison sentences for at least five Gia Lai residents on March 12.

BORDER DEMARCATION: SLOW GOING

10. (SBU) Notwithstanding periodic MFA announcements over the past few years that the border issue will be settled "this year," border demarcation remains unresolved. According to the Southeast Asia Institute's Tuan, the current border essentially represents the old French colonial demarcation. However, he noted that the border "does not always agree with the current maps." He added that people who live and try to make a living near the border "tend to move back and forth; border lines do not mean much to them." Even though "both governments warn their people" against farming close to the border, such activities continue to take place because of "the demand for rice fields and access to water," he added.

11. (SBU) Nguyen Du Hanh, Director of the Western Border Division of the Ministry of Foreign Affairs' (MFA) Border Commission, admitted separately that the border issue is "complicated," but stated that both sides would like to settle it. He pointed out that, in the early 1980s, Vietnam and Cambodia had signed "a number" of international conventions concerning border demarcation. In addition, there was a bilateral agreement in 1985 that led to "some demarcation activity" from 1986-1990. Hanh noted that this activity ceased with a change of governments in Cambodia after the UN-sponsored elections. However, Hanh claimed

that the two sides "are not far apart" - of the nearly 1,000-kilometer border, "under 200 kilometers are in dispute." At the June 2002 joint border commission, both sides agreed to "join hands" to solve the border issue, he noted. Hanh suggested that "in the end, the border will be based on the French demarcation, with minor adjustments." Commenting on recent developments, Hanh stated that there have been talks at the "expert" working level "once or twice a year." However, progress has been "slow" because more senior officials have been "busy" and because there is a lack of "legal documents on which to base final negotiations."

¶12. (SBU) Separately, the Southeast Asia Institute's Tuan noted that the border had become a "hot" issue in Cambodia's politics. (Note: it has not become a hot issue in Vietnam, unlike the more controversial land border agreement with the PRC in 1999. End note) Tuan added that the opposition parties have "severely" criticized the present government for appearing "too willing" to make concessions to Vietnam. He predicted that there would be no further progress until after the Cambodian elections in July. Further progress will depend "to some extent on who is in power," he predicted. He claimed that an expected senior level meeting to discuss seven outstanding border issues -- scheduled for March 2003 -- had been postponed due to "domestic political considerations" in Cambodia.

TWO-WAY TRADE: NOT MUCH

¶13. (SBU) Without citing a specific figure, Hanh admitted that two-way trade was "very low." MFA press releases concerning Vietnam-Cambodia relations between 2001 and 2003 include numerous proclamations and pledges of "continued support and cooperation" but almost none related specifically to two-way trade. The Cambodian Embassy's Kemary suggested that there is some potential for improving legal two-way trade, especially once the border issue is settled and authorities on both sides take further steps to reduce smuggling. Kemary said that the Cambodian government is "hopeful" about the potential for Cambodia "modestly" to improve especially its exports of clothing and shoes to Vietnam. (Comment: Since clothing and shoes are well-developed domestic and export industries in Vietnam, this would seem unlikely. End Comment.) Separately, the Southeast Asia Institute's Tuan opined that improved two-way trade is "unlikely until border and smuggling issues are addressed and the Cambodian economy produces more."

¶14. (U) In addition to trade, Kemary noted that Cambodia "appreciates" Vietnam's rice assistance. (Note: According to an October 2002 MFA announcement, the GVN donated 500 tons of rice to Cambodia's Kandal province. End note.)

MIA COOPERATION

¶15. (SBU) Tuan pointed to the MIA issue as one that demonstrates a "good" level of bilateral cooperation. He said that Cambodia has been helpful in providing information on Vietnamese remains. According to the Detachment Two Joint Task Force - Full Accounting office in Hanoi, Vietnam's military has conducted dry-season recovery operations in Cambodia over the past three years. Each year, the two sides meet, work out an operations plan, deploy Vietnamese troops into agreed-upon areas, conduct operations, and repatriate the remains to Vietnam. An August 2002 visit by GVN Defense Minister Senior Lieutenant General Pham Van Tra also focused on this issue. During Prime Minister Hun Sen's trip to Ho Chi Minh City for the 2002 tripartite meeting, he visited the commander of Vietnam's Military Zone 7 in Dong Nai (southern Vietnam). Tuan opined that Hun Sen "may have" raised MIA cooperation during that visit as well. According to a January 2003 MFA announcement, 2,344 sets of remains have been repatriated to Vietnam.

COMMENT

¶16. (U) A mix of historical animosities, cultural rivalries, and complex leadership relations stemming from Vietnam's decade-long occupation and efforts to install its own favorites in power in Phnom Penh complicate the bilateral relationship. Vietnamese now appear to put aside the recent past and deal with Cambodia as just another fellow ASEAN member and good neighbor, while still seeking to dominate a mini-Indochina lobby within ASEAN seeking extra help from richer members. While Vietnam prefers to look forward in its 21st century relations with Cambodia, the likelihood is that Cambodia will be less and less important to Vietnam, as it focuses on more important economic and political relationships with the U.S., Japan,

and the EU and seeks WTO accession.
BURGHARDT